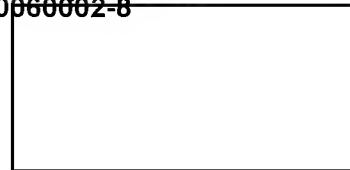


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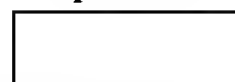
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National Intelligence Daily (Cable)

7 February 1979

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SITUATION REPORTS

IRAN

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Iranian radio yesterday carried a strong statement from the office of the armed forces chief of staff warning that anyone who tried to weaken military morale or harass military personnel would be prosecuted. The warning was the latest in a series of efforts by the military leadership to shore up the armed forces' cohesion. [REDACTED]

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The military remains Bakhtiar's most significant base of support. As its morale weakens, the balance of power shifts toward the Islamic movement, steadily weakening Bakhtiar's chances for holding on to power. [REDACTED]

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The naming of Bazargan's ministers--who could provoke an incident if they attempt to take possession of ministerial offices--may be delayed for several days. Nationwide demonstrations in support of Bazargan and a leftist march in Tehran are scheduled for tomorrow. [REDACTED]

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MOROCCO: Internal Pressures

Open criticism of King Hassan's restraint in his response to the recent attack by guerrillas of the Algerian-backed Polisario Front on the Moroccan town of Tan-Tan is the latest sign that the King in the months ahead may face increasingly outspoken questioning of his autocratic leadership. Some Moroccans had already been grumbling about the continuing participation of their troops in the African force that is policing Zaire's Shaba Region and about the hospitality the King has extended to the Shah of Iran.

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Moroccan Foreign Minister Boucetta's restrained complaint about the incident in an open letter to the Algerian Government last week reflects the King's desire to avoid foreclosing any chances for a negotiated settlement of the Western Sahara dispute with Algeria's new leaders. The King's stance, however, has clearly disturbed many segments of Moroccan society, including the military and the two major political parties.

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The King is resisting pressure from all quarters to retaliate against Polisario bases in the Tindouf area of southern Algeria. He argues that such a response would cause the new Algerian leader, Colonel Bendjedid, to stiffen his support for the guerrillas. The King, however, will not be able to ignore pressure from the military for punitive action against Algeria if the guerrillas stage further attacks that embarrass Morocco. The action against Tan-Tan was the first time a sizable Moroccan population center had been hit by the guerrillas.

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The King's main opponents--the increasingly outspoken Socialist Union of Popular Forces in alliance with its labor affiliate and dissident students--are likely to exploit Hassan's Western Sahara policy as well as the current labor unrest in attempting to widen support for their efforts to impose curbs on the King's absolute powers. A Moroccan official, commenting on a nationwide teachers' strike that began on Monday, observed that present conditions are similar to those in 1965 when student rioters, supported by labor, were suppressed by the Army.

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PAKISTAN: Bhutto Verdict

Pakistan is calm following the Supreme Court decision yesterday to uphold the death sentence against former Prime Minister Bhutto. The sentence may yet be commuted by President Zia and, in any event, would not be carried out for at least a week. [REDACTED]

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In anticipation of the announcement, the government arrested several hundred Bhutto supporters. Bhutto's wife and daughter are under house arrest and universities remain closed. Police in major cities--as well as some Army units--are on alert. These stepped-up security measures and the public's general uncertainty about what will come next have limited public reactions to small demonstrations. [REDACTED]

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The court informed Bhutto that he had "seven clear days" before the sentence could be carried out. Bhutto's lawyer is expected to file a petition for a review of the ruling. Such a petition, designed to correct factual errors in the judgment, could further delay the execution. The lawyer may also send an appeal for clemency to Zia in the next few days despite Bhutto's public rejection of that move. [REDACTED]

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Zia is under domestic and international pressure to commute the sentence. The Supreme Court verdict was not unanimous, raising further doubts among the people about Bhutto's guilt. Several friendly nations, fearing instability in Pakistan, have interceded on Bhutto's behalf. By granting clemency, however, Zia could face the wrath of the military and his political backers who fear that a vindictive Bhutto could eventually reemerge as a major political force. [REDACTED]

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POLAND: Consumer Frustrations

The Polish regime's continuing inability to come to grips with its economic problems, as shown by the government's own newly released data, will keep popular tensions high. The longer these problems persist, the more likely that a spark will ignite built-up consumer frustrations. [REDACTED]

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The cost-of-living index rose 8.5 percent last year--nearly double the 1977 rate and the steepest rise in more than two decades. According to the government, real per capita income rose only 0.4 percent and there was a "slump for some groups of employees." Official indexes do not fully reflect price increases, and we believe real per capita income actually fell. [REDACTED]

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Consumer tensions, at a high level for several years because of chronic shortages of quality goods, especially meat, are now being aggravated by higher prices. Another irritant is the growing inequality between the lot of the average Pole, whose living standard has stagnated, and that of certain privileged groups, such as miners, police, security forces, party workers, and those fortunate enough to receive hard-currency remittances from the West. [REDACTED]

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Mounting payments problems, growing energy shortages, and lagging agricultural output prevent the regime from easing the economic burden on the consumer. The regime hopes to muddle through until these constraints abate and current policies directing more resources toward agriculture, housing, and light industry begin to pay off. [REDACTED]

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UGANDA: Situation in Capital

The situation in Kampala has improved considerably with the restoration of electric power to some areas of the city and the removal of roadblocks. The government appears to have weathered its most recent crisis and the security situation has stabilized, but assassination attempts against President Amin or other violent acts are still possible. [REDACTED]

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ECUADOR: Election Postponement

Ecuador has agreed to postpone the presidential runoff and parliamentary elections from 8 to 29 April and has amended the electoral law to enable government employees, university professors, and public school teachers to be candidates for the legislature. Legal prohibition of these groups--the most politically sophisticated in Ecuador--had seriously hampered efforts by some political parties to fill their electoral slates with qualified candidates. The three-week postponement, which was requested by four of the 10 legalized parties, will not affect the 10 August inauguration date for the new civilian government. [REDACTED]

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